



MISSOURI CREDIT UNION ASSOCIATION

September 2, 2010

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street,
Alexandria, VA 22314

RE: Proposed Rule, 12 CFR Parts 741 and 750
Golden Parachute and Indemnification Payments

Thank you for the opportunity to comment on the proposed rule. Events have demonstrated that high-level employees at financial institutions have benefited extraordinarily when leaving a company, even though the institution suffered major losses and the deposit insurance fund suffered a loss as a result of actions of institution-affiliated parties (IAP). And, we understand that the agency feels compelled to address the compensation and severance packages of a small number of corporate and natural person credit unions. We also believe that any IAP receiving extraordinary monetary benefit when having been proven to not act in good faith and knowingly, with willful intent, contributed to the failure of a financial institution is inappropriate, and would constitute the improper disposition of a federally-insured credit union's assets. However, we believe that bona fide compensation and severance plans are appropriate, if executed objectively and fairly.

The proposed regulation allows deferred compensation plans, nondiscriminatory severance pay plans, plus indemnification coverage provisions. It is our position that these plans and coverage have a positive effect in assuring that credit unions are able to attract, motivate and retain the best management possible by offering incentives that are valued in today's competitive marketplace. However, we have several concerns with the rule as currently written. Key components in assessing appropriate, or inappropriate, compensation and indemnification payments are knowledge and willful intent with actions absent of good faith. These are separate from falling victim to unprecedented economic conditions or a market dislocation. Therefore, each credit union rated CAMEL 4 or 5, in conservatorship or insolvent must be assessed individually for application of any promulgated IAP prohibition.

We are particularly concerned with the indemnification provisions in that, as the proposed rule is currently crafted, make it very difficult for credit unions to provide indemnification at all. To help clarify, it would be appropriate to provide a definition of "indemnification". In addition, we are concerned with what constitutes "good faith" and

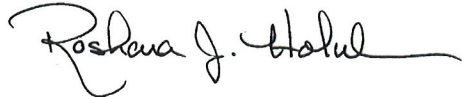
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the effect that determination has on indemnification provisions and the ability of the affected individuals to have access to suitable defense representation, as a result of having the financial burden of their legal expenses. The proposed rule notes that partial indemnification is permitted if the individual is found not to have violated the law or breached their fiduciary duty. We believe full indemnification should be permitted in this instance.

We believe in the natural-person credit union community, practices reflect few attempts to craft golden parachute payments or severance packages that result in extraordinary personal gain. As an alternative to expansive regulation, we believe the NCUA has the power and authority currently to take action when abuse is evident which includes authority to void contractual agreements when a credit union is operating under conservatorship, or is insolvent.

On behalf of Missouri credit unions, all federally insured, we appreciate the opportunity to comment on the proposed regulation. If you would like to discuss the comments, you may reach me at (314) 542-1333 or rholub@mcua.org.

Sincerely,

A handwritten signature in black ink, reading "Roshara J. Holub". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Roshara J. Holub
President/CEO